

UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Idaho State Office
1387 South Vinnell Way
Boise, Idaho 83709-1657

In Reply Refer To:
9300 (933) P

June 22, 2005

EMS
Instruction Memorandum No. ID-2005-079
Expires: 09/30/2006

To: District Managers

From: State Director

Subject: Appraisal Waiver for Low Value Parcels

Program Area: Lands and Realty.

Purpose: This IM supersedes IM No. ID-2004-007. The purpose of this memorandum is to establish an 'appraisal waiver' policy which will allow District or Field Offices to produce value determinations for low valued properties. A substantial number of appraisals prepared by the Appraisal Services Directorate for Idaho BLM involve the appraisals of parcels with low values. The cost to produce an appraisal with the detail and form required of the licensed appraisal staff often exceeds the value of the property. As an alternative, 49 CFR 24.102 permits the use of appraisal waivers for properties with value estimates less than \$10,000. Appraisal waivers may be prepared by employees who are not licensed appraisers. The ability for trained District staff to produce these low value reports will result in reducing the waiting time and costs associated with requesting appraisals from the appraisal staff.

Policy/Action: Low value appraisal waiver determinations may be prepared by BLM employees who are not licensed appraisers. Persons eligible to prepare low value determinations must (1) have appraisal training included in their professional education; (2) have completed an orientation to the appraisal waiver program presented by the Appraisal Services Directorate; and (3) be approved by the State Supervisory Appraiser, Appraisal Services Directorate.

The appraisal waiver value determinations must be reasonably supported. The appraisal waiver program will specify a standardized reporting form and required reporting content, and the responsible District or Field Manager must concur with each of the value determinations.

Timeframe: This IM is in effect on the date of issuance.

Background: A 2002 Bureau of Land Management (BLM) Washington Office survey of state appraisal programs reveals that Idaho BLM currently has a substantially higher volume of work prepared by appraisers than other states. The majority of the extra volume of work done in Idaho is the valuation of properties with minimal values. Many of these appraisals involve properties with market value estimates less than \$10,000. The appraisal staff's backlog of appraisal requests results in the field offices experiencing extended delays for delivery of completed appraisals. The utilization of an appraisal waiver program will expedite the value estimates for low valued parcels and subsequently decrease the backlog and waiting times for complex, higher valued appraisals.

The current 49 CFR 24.102 states “(2) An appraisal is not required if the owner is donating the property and releases the Agency from this obligation, or **the Agency determines that an appraisal is unnecessary because the valuation problem is uncomplicated and the anticipated value is estimated at \$10,000 or less, based on a review of available data.**”

This memorandum enables Idaho to utilize ‘Appraisal Waivers’ currently authorized by the Code of Federal Regulations. The provisions and application of this program are to be consistent with the provisions described in the Regulation.

Manual/Handbook Sections Affected: This IM serves as interim guidance until Idaho Manual Supplement 9300 is issued.

Coordination: Development of the provisions of this appraisal waiver program has involved the Regional Appraiser, US Department of the Interior, Appraisal Services Directorate, and appraisal staff from the US Forest Service.

Contact: If you have questions, please contact Don Dunn, State Supervisory Appraiser, Appraisal Services Directorate at (208) 373-3871.

Boise District with Union: No Union notification or negotiation is required.

Signed by:
K Lynn Bennett

Authenticated by:
Susanna M. Henry
Staff Assistant (ID-933)

2 Attachments

- 1 - Additional Information (1 p)
- 2 - Sample Appraisal Waiver Determination (1 p)

Additional information on preparation of appraisal waiver determinations:

1. What is the process for initiating an appraisal waiver determination? A value estimate for a potentially low valued parcel should be directed to the employee approved to prepare appraisal waivers. The employee will prepare the data necessary to develop the value determination. At such time as it becomes apparent to the employee the value will exceed \$10,000, an ARRTS appraisal request should be prepared and forwarded to the appraisal staff for completion of a USPAP qualified appraisal report.
2. How does the supporting data in an appraisal waiver differ from an appraisal? The supporting data contained in an appraisal report is heavily regulated and typically is restricted to comparable sales data. An appraisal waiver determination prepared by a non-appraisal licensed person is not an appraisal and not subject to these regulations. The supporting data in a waiver determination should be based upon “sound business management principles”. The best supporting data are comparable sales and listings, but may be supplemented by data from assessor records, competitive property appraisals, offers to purchase, etc.
3. Is there a specified reporting format for appraisal waiver determinations? Included with this attachment is a sample of a reporting format to be utilized in preparing and reporting value determinations. The format provides signatures and reporting information necessary to comply with the BLM Appraisal Manual requirements.
4. Are the appraisal waiver determinations subject to review? Each value determination will have a signed concurrence by the responsible manager. This constitutes an initial level of review. After the written appraisal determination is completed it should be forwarded to the state lead appraiser. This is not an individual review for each determination, but a general review to be used in the periodic approval for continuing the authorization of an employee to prepare value determinations.
5. Are site inspections required for appraisal waiver determinations? The inspection of a site for an appraisal waiver determination is optional. If the employee does not have a previous knowledge of the site they are encouraged to conduct an inspection. CFR 49 requires the property owner be extended the invitation to accompany the employee if an inspection is conducted. Further, value determinations and appraised values must be as of a specific date. Traditionally, the value date is the date of the inspection.
6. What happens if the owner/proponent does not agree with the appraisal waiver determination? CFR 49 indicates the owner may elect to have an appraisal prepared on the property. The owner may reject the waiver determination value and request an appraisal be prepared. An ARRTS appraisal request should be submitted and an appraisal be prepared by a licensed appraiser with compliances to USPAP and UASFLA (Yellow Book) Standards

Sample Appraisal Waiver Determination

(Note: Items in bold are mandatory items which must be included in the waiver.)

August 29, 2003

To: District Manager

From: Realty Specialist

Subject: Appraisal Waiver Determination for IDI-30400, A 2.5 acre parcel located near the corner of US93 and SR 55 **[Include legal description]**

In accordance with Instruction Memorandum No. 2005-__, I have prepared the appraisal waiver value determination for the above referenced property. It generally consists of a 2.5-acre parcel located near the intersection of US 93 and SR 55. The site has been identified for disposal and is proposed for sale to the adjacent land owner, R.T. Biggs. **The highest and best use of the site is** estimated to be a future residential homesite.

[Insert discussion summarizing the nature of the data which supports the value conclusion.]

Based upon the preceding information I have concluded the estimated value for the subject's 2.5 acres at \$800 per acre, indicating a total estimated value, **as of August 29, 2003, in fee simple ownership**, at **\$2,000**.

I have (or have not) inspected the subject property. (Note: If the site was inspected, include the inspection date, and if the owner/proponent declined or participated in the inspection.)

Name& Title

Date

I agree the low value nature of this property does not require the documentation necessary in an appraisal report produced under national appraisal standards, and concur in the waiver determination stated above.

Name
District/Field Office Manager